

Schedule A(PYN)

For part-year residents who also had Arizona source income during the portion of the year while an Arizona nonresident

Completing Schedule A(PYN)

Itemized Deductions

Prior to completing Arizona Form 140PY, Schedule A (PYN), you must complete a federal Form 1040, Schedule A.

The itemized deductions allowed for Arizona purposes are those itemized deductions that are allowable under the Internal Revenue Code. As a part-year resident who also had Arizona source income during the portion of the year in which you were an Arizona nonresident, you can deduct: (1) those expenses which were incurred and paid during the part of the year in which you were an Arizona resident plus (2) Arizona source itemized deductions incurred and paid during the period of nonresidency, plus (3) a portion of all other itemized deductions paid during the period of nonresidency.

For more information, see Arizona Individual Income Tax Ruling ITR 94-10. To get a copy of this ruling, call one of the help numbers listed on page 1 of the Form 140PY instructions.

If you deduct medical and dental expenses, you must adjust the medical deduction shown on Federal Form 1040, Schedule A, since Arizona does not limit the medical and dental expense deduction. In addition, since Arizona allows a subtraction for Arizona lottery winnings, you may also have to adjust any gambling loss deduction so that this deduction does not exceed the amount of gambling winnings included in your Arizona income.

You may also be required to adjust the amounts shown on federal Form 1040, Schedule A if you are claiming the credit for property taxes paid by a qualified defense contractor.

To determine your Arizona itemized deductions, complete a federal Form 1040, Schedule A, and then complete the Arizona Form 140PY, Schedule A(PYN), as instructed below.

PART 1

Medical and Dental Expenses

Line 1 -

Enter the amount of medical and dental expenses incurred and paid while an Arizona resident. Also enter the amount of such expenses from Arizona sources that was incurred and paid during the period of the year that you were a nonresident. Do not include any amount of medical and dental expenses which were paid from your individual medical savings account. If self-employed, do not include any amount paid for health insurance that you deducted in computing your federal adjusted gross income.

The medical and dental expenses for Arizona purposes are the same as for federal purposes.

Taxes

Line 2 -

Enter the amount of taxes allowable from federal Form 1040, Schedule A, which were incurred and paid during the part of the year in which you were an Arizona resident. Also enter the amount of taxes allowable from federal Form 1040, Schedule A, from Arizona sources which were incurred and paid during the period of the year while a nonresident.

If you claimed the credit for property taxes paid by a qualified defense contractor, do not include on line 2 any property taxes for which you have claimed a tax credit.

Also, do not include on line 2 any state taxes paid to other states for prior years if you were not an Arizona resident for that prior year.

Interest Expense

Line 3 -

Enter the amount of interest expense allowable from federal Form 1040, Schedule A, which was incurred and paid during the part of the year in which you were an Arizona resident. Also enter the amount of interest allowable from federal Form 1040 from Arizona sources which was incurred and paid during the period of the year while a nonresident.

Do not enter any interest expense which was incurred to purchase or carry U.S. obligations, the income from which is exempt from Arizona income tax.

Contributions

Line 4 -

Enter the amount of contributions allowable from federal Form 1040, Schedule A, which were incurred and paid during the part of the year in which you were an Arizona resident. Also enter the amount of contributions allowable from federal Form 1040, Schedule A, from Arizona sources which were incurred and paid during the period of the year while a nonresident.

Casualty and Theft Losses

Line 5 -

Enter the casualty loss(es) allowable from federal Form 1040, Schedule A, after the 10 percent federal adjusted gross income limitation and the \$100 per loss floor has been applied.

Line 6 -

Enter the casualty loss(es) allowable from federal Form 4684 prior to applying the 10 percent federal adjusted gross income limitation and the \$100 per loss floor.

Line 7 -

Enter the amount of casualty loss shown on line 6 which was incurred during the part of the year in which you were an Arizona resident. Also enter the amount

of casualty loss shown on line 6 from Arizona sources incurred during the period of the year while a nonresident.

Line 8 -

Divide the amount on line 7 by the amount on line 6. Enter the percent.

Line 9 -

Multiply the amount on line 5 by the percent on line 8. Enter the result.

Job Expenses and Other Miscellaneous Expenses**Line 10 -**

Enter the amount of miscellaneous expenses subject to the 2 percent federal adjusted gross income limitation from federal Form 1040, Schedule A, prior to applying the limitation.

Lines 11 through 14 -

Complete lines 11 through 14 as instructed on Form 140PY, Schedule A (PYN). However, do not include on line 11 any amount which is allocable to income excluded from your Arizona taxable income. Such amounts would include employee business expenses attributable to income excluded from your Arizona taxable income.

Line 15 -

Enter the amount of other allowable miscellaneous expenses not subject to the 2 percent federal adjusted gross income limitation which were incurred and paid during the part of the year in which you were an Arizona resident. Also enter the amount of other allowable miscellaneous expenses not subject to the 2 percent federal adjusted gross income limitation from Arizona sources which were incurred and paid during the period of the year while a nonresident.

Lines 16 through 20 -

Skip lines 16 through 20 if not deducting gambling losses.

Line 16 -

Enter the amount of wagering losses included on line 15, Form 140PY Schedule A(PYN).

Line 17 -

Enter the total gambling winnings included in your Arizona gross income.

Line 18 -

Enter the authorized Arizona lottery subtraction from Form 140PY, page 2, line D30.

Line 19 -

Maximum allowable gambling loss deduction. Subtract the amount on line 18 from the amount on line 17.

Line 20 -

If the amount on line 19 is less than the amount on line 16, subtract line 19 from line 16. Otherwise, enter zero (0).

Line 21 -

If you completed lines 16 through 20, subtract line 20 from line 15. If you skipped lines 16 through 20, enter the amount from line 15 above here.

Line 22 -

Add lines 14 and 21.

Lines 23 through 28 -

Complete lines 23 through 28 as instructed on form 140PY, Schedule A(PYN).

PART 2**Lines 29 through 31 -**

Enter on line 29, the total of your medical and dental expenses after you reduce these expenses by any payments received from insurance or other sources. If self-employed, do not include any amount paid for health insurance that you deducted in computing your federal

adjusted gross income. The medical and dental expenses for Arizona purposes are the same as for federal purposes.

Complete lines 30 and 31 as instructed on Schedule A(PYN).

Lines 32 through 38 -

Complete lines 32 through 38 as instructed on Schedule A(PYN).

Lines 39 through 45 -

Complete lines 39 through 45 as instructed on Schedule A(PYN)

Line 46 -

Complete the worksheet below to determine what percent to enter on line 46.

Worksheet

1. Arizona source income	Amount
a. _____	_____
b. _____	_____
c. _____	_____
d. _____	_____
2. Add the amounts in line 1a through line 1d.	_____
3. Enter the amount from Form 140PY, page 2, line B18.	_____
4. Divide the amount on line 2 by the amount on line 3. Enter the percent here and on Form 140PY, Schedule A (PYN), Line 46.	_____

Lines 47 and 48 -

Complete lines 47 and 48 as instructed on Form 140PY, Schedule A (PYN).